

Message Text

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44

ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 IO-13 ADP-00 OIC-04 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

OMB-01 RSR-01 /197 W

----- 089867

R 301100Z JUL 73

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 9238

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, IS, EEC

SUBJECT: CONSULTATION OF ISRAEL-EC TRADE AGREEMENT

REF: STATE 142233

1. AMBASSADOR MALMGREN AND DEP ASST SECY RENNER MET JULY 29
WITH HIGH GOI OFFICIALS TO DISCUSS ISRAEL-EC AGREEMENT AND PRO-
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BLEMS IT CAUSED FOR U.S. MAIN ISRAELI PRINCIPALS WERE MIN

FINANCE DIRECTOR GENERAL AVRAHAM AGMON AND MIN COMMERCE AND INDUSTRY DIRECTOR GENERAL GIDEON LAHAV. ALSO PRESENT WERE REPRESENTATIVES OF MINISTRIES OF AGRICULTURE AND FOREIGN AFFAIRS, AND ZE'EV SHER, ECONOMIC MINISTER OF EMBASSY OF ISRAEL TO U.S. MEETING WITH MINISTER OF COMMERCE AND INDUSTRY HAIM BAR-LEV FOLLOWED.

2. MALMGREN AND RENNER REFERRED TO RECENT MEETINGS OF FORN MINISTER EBAN AND FINANCE MINISTER SAPIR WITH HIGH USG OFFICIALS IN WASHINGTON, IN WHICH PROBLEM OF EC-ISRAEL AGREEMENT WAS RAISED, AND SAID THAT THEY WERE FOLLOWING UP HIGH-LEVEL USG INTEREST ON THIS ISSUE EXPRESSED IN THOSE MEETINGS. CONSULTATIONS WERE IN CONTEXT OF ARTICLE XXIII:1 OF GATT.

3. MALMGREN AND RENNER REEMPHASIZED USG'S OBJECTION TO DISCRIMINATION AGAINST U.S. TRADE ARISING OUT OF ISRAEL-EC AGREEMENT. THEY NOTED THAT WE WERE NOT SINGLING ISRAEL OUT FOR SPECIAL TREATMENT; OUR APPROACH TO ISRAEL WAS PART OF BROAD-SCALE EFFORT EMBRACING EUROPEAN COMMUNITY AND ITS AGREEMENTS WITH VARIOUS OTHER COUNTRIES. AS TENTATIVE INDICATION OF SCOPE OF USG CONCERN, MALMGREN AND RENNER INFORMALLY LEFT WITH ISRAELIS TSC PAPER LISTING COMMODITIES FOR WHICH DISCRIMINATION SEEMED TO BE OR WAS POTENTIALLY A PROBLEM. ISRAELIS WERE INVITED TO STUDY AND COMMENT ON LIST IF THEY WISHED, BUT INFORMALITY OF EXCHANGE WAS STRESSED. AMERICANS ALSO EXPRESSED CONCERN ABOUT NEW EC-ISRAEL AGREEMENT UNDER NEGOTIATION, AND URGED THAT PROCEDURES BE FOUND TO ALLOW USG TO CONSULT ON REGULAR BASIS AS ISRAELIS DEVELOPED NEW AGREEMENT WITH EC.

4. ISRAELI REPLY WAS LENGTHY EXPOSITION ALONG FAMILIAR LINES. THEY PRESENTED PAPER SUMMARIZING ISRAELI POSITION THAT THERE HAD BEEN NO TRADE DAMAGE TO U.S. PAPER CONCLUDED: QUOTE WE ARE ALIVE TO FACT THAT NEW AGREEMENT WITH COMMON MARKET WILL NECESSITATE CHANGE IN STRUCTURE OF OUR CUSTOMS TARIFF, ALSO VIS-A-VIS THIRD COUNTRIES, INCLUDING UNITED STATES. IT GOES WITHOUT SAYING THAT SUCH CHANGES IN OUR TARIFF WILL NOT BE EFFECTED UNILATERALLY ON OUR PART VIS-A-VIS THIRD COUNTRIES, BUT WE SHALL BE PREPARED TO NEGOTIATE TARIFF REDUCTIONS WITH EVERY COUNTRY INTERESTED. UNQUOTE.

5. MINISTER BAR-LEV PERSONALLY REEMPHASIZED DESIRE OF ISRAELI GOVERNMENT TO DEVELOP COOPERATIVE SOLUTIONS WHICH WOULD KEEP LIMITED OFFICIAL USE

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US-ISRAELI INTERESTS ON FAVORABLE BASIS. IN TALK WITH MINISTER BAR-LEV, MALMGREN AND RENNER SUMMARIZED THE UNDERSTANDING THEY HAD GAINED OF ISRAELI APPROACH TO PROBLEM. FIRST, ISRAEL WAS PREPARED TO CONSULT WITH US DURING CURRENT NEGOTIATIONS WITH EC. SECOND, ISRAEL'S POLICY WAS TO FAVOR REDUCING TARIFFS TOWARD THE U.S. AND OTHER COUNTRIES AT SAME TIME AS THEY REDUCE THEIR TARIFFS TOWARD EC. FOR SUCH TARIFF REDUCTIONS THEY WOULD WANT CONCESSIONS IN RETURN. THEY ENVISAGED THAT THE TARIFF NEGOTIATIONS

WOULD TAKE PLACE IN THE CONTEXT OF THE MTNS. WE EMPHASIZED BI-LATERAL SOLUTIONS ON SOME QUESTIONS WOULD ALSO BE NECESSARY. MINISTER AND ISRAELI OFFICIALS ACCEPTED THIS STATEMENT. ON THE MTNS THEY SAID THAT WE SHOULD NOT EXPECT THAT ISRAEL WOULD BE WILLING TO ELIMINATE ALL TARIFFS. THERE WOULD BE SOME TARIFFS ON SENSITIVE PRODUCTS THAT WOULD HAVE TO BE MAINTAINED. ON THE CONSULTATIONS, ISRAELIS STATED THAT FIRST ROUND OF TALKS WITH EC HAD BEEN INCONCLUSIVE AND THAT THEY WOULD BE PREPARED CONSULT WITH US AFTER NEXT ROUND OF NEGOTIATIONS OCTOBER 1-2. IT WAS MUTALLY AGREED TO MEET AGAIN WEEK OF OCTOBER 21.

VELIOTES

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